
Topic 27DR

20.2.50.116 Equipment Leaks & Fugitive emissions



NEW MEXICO OIL AND GAS ASSOCIATION

NMED Ozone Rulemaking Hearing

*Direct and Rebuttal Testimony of John R. Smitherman
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20.2.50.116 LDAR

- NMED has accepted NMOGA's suggestion to allow up to 30 days for repair of a leak discovered through LDAR (with exceptions)
- NMOGA appreciates this change
 - Many times, leaks will be addressed on site
 - Supply chain, engineering review, procurement processes and human resource scheduling challenges can often prevent repair within 15 days
 - Pandemic has made procurement and staffing much more difficult
 - Unusually long lead-time repairs or those requiring a unit shut-down will be tagged as "Repair Delayed"

20.2.50.116 LDAR

- Most Operators are already obligated to perform Leak Detection and Repair on equipment because of either NMED permit or NSPS 0000/0000a requirements. Requirements under this Part should not conflict or overlap with these requirements to avoid unnecessary and unproductive compliance costs.
- NMED has not demonstrated the need to exceed these requirements.

20.2.50.116 LDAR

- NMOGA suggests that not only equipment in air or water/steam service be removed from this rule but equipment handling fluids (gases) containing less than 10% VOC by weight (including coalbed methane) be removed as well.
- At a minimum, exclude all non-hydrocarbon gases (N₂, CO₂, H₂S, etc.)
- **This Part is intended to reduce ozone precursors NO_x and VOCs.**
- Emissions reductions aimed at gases that are low (or bereft) in these will undoubtedly result in costs per ton of emissions reduction that are unreasonably high.

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- NMED should align the AVO inspection frequency with OCD's where applicable.
- Two different rules from two different agencies applied differently creates avoidable confusion.

20.2.50.116 LDAR

- In NMED's latest (Sept 16th) redline, they have suggested LDAR frequencies that will result in extraordinarily high emissions reduction costs (\$/ton).
- **Costs imposed by this Part are important.**
- Imposing requirements that are not cost-effective results in more oil and gas wells that will be shut in and plugged than necessary with negative impacts to the state and local communities (see Dunham).

20.2.50.116 LDAR

- I also testified in my direct testimony on the flaws with ERG's anticipated costs and emissions reductions from LDAR. See Exhibit A1, p. 23-24. In that testimony, I referred to a NMOGA analysis.
- In my surrebuttal after considering the comments of other parties, I will present my more refined view in place of that earlier analysis.